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TOWN OF CHATHAM
Chatham, Louisiana

*With General Purpose Financial Statements
And Independent Auditor's Reports
As of and For the Year Ended June 30, 2002
With Supplemental Information Schedules*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/8/03

Jimmie Self, CPA
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TOWN OF CHATHAM
Chatham, Louisiana
General Purpose Financial Statements
For the Year Ended June 30, 2002
With Supplemental Information Schedules

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Independent Auditor's Report

Board of Directors
Town of Chatham
Chatham, Louisiana

I have audited the accompanying general purpose financial statements of the Town of Chatham, Louisiana, as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Chatham's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Chatham, Louisiana, as of June 30, 2002, and the results of its operations and the cash flow of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 19, 2002, on my consideration of the Town of Chatham's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental statements and schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Town of Chatham. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Jimmie Self, CPA

Jimmie Self, CPA
Monroe, Louisiana
November 19, 2002

TOWN OF CHATHAM, LOUISIANA
ALL FUND TYPES AND ACCOUNT GROUPS
BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2002

	GOVERNMENTAL FUNDS	PROPRIETARY FUND	ACCOUNT GROUPS	Total (Memorandum Only)
	General Fund	Enterprise Fund	General Fixed Assets	
ASSETS AND OTHER DEBITS				
Assets:				
Cash and Cash Equivalents	15,751.34	72,338.80		88,090.14
Receivables-(net, where applicable, of allowance for doubtful accounts)	87.43	28,440.99		28,528.42
Restricted Assets		166,287.96		166,287.96
Other Assets:				
Land, buildings, and equipment (net, where applicable, of accumulated depreciation)		1,320,570.73	338,079.00	1,658,649.73
Other debits:				
TOTAL ASSETS AND OTHER DEBITS	15,838.77	1,587,638.48	338,079.00	1,941,556.25
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts and Other Payables	4,242.77	10,532.84		14,775.61
Payable from Restricted Assets:				
Accrued Interest Payable		700.00		700.00
Customers' Deposits		61,935.64		61,935.64
Revenue Bonds Payable-Current Portion		13,000.00		13,000.00
Revenue Bonds Payable-Long-Term Portion		38,000.00	0.00	38,000.00
Total Liabilities:	4,242.77	124,168.48	0.00	128,411.25
Equity and Other Credits:				
Contributed Capital		1,577,993.00		1,577,993.00
Investment in General Fixed Assets			338,079.00	338,079.00
Retained Earnings:				
Unreserved (deficit)		-114,523.00		-114,523.00
Fund Balances:				
Unreserved-undesignated (deficit)	11,596.00			11,596.00
Total Equity and Other Credits	11,596.00	1,463,470.00	338,079.00	1,813,145.00
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	15,838.77	1,587,638.48	338,079.00	1,941,556.25

COMB BAL SHEET 02

The accompanying notes are an integral part of this statement.

TOWN OF CHATHAM, LOUISIANA
 GOVERNMENTAL FUNDS-GENERAL FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES-BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2002

	GENERAL FUND 2002
REVENUES	
Local Sources	
Taxes:	
Property	10,300.40
Beer	386.87
Mowing Revenue	6,175.47
Licenses & Permits	29,406.82
Fees, charges, and commissions	8,379.31
Fines and forfeitures	25,085.94
Rural Development Grant	15,000.00
Other revenues	11,491.32
Total Revenues	106,226.13
EXPENDITURES	
General Government	91,466.41
Public Safety	18,709.88
Public Works	15,000.00
Total Expenditures	125,176.29
Excess (Deficiency) Of Revenues over Expenditures	-18,950.16
OTHER FINANCING SOURCES (USES)	
Operating Transfers In	20,000.00
Total Other Financing Sources (Uses)	20,000.00
Excess (Deficiency) Of Revenues and Other Sources Over Expenditures and Other Uses	1,049.84
Fund Balances (Deficit) at Beginning of Year	10,545.97
Fund Balances (Deficit) at End of Year	11,595.81

gf income actual 02

The accompanying notes are an integral part of this statement.

TOWN OF CHATHAM, LOUISIANA
GOVERNMENTAL FUNDS-GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2002

		GENERAL FUND	VARIANCE FAVORABLE (UNFAVORABLE)
	2001 BUDGET	2002 ACTUAL	
REVENUES			
Local Sources			
Taxes:			
Property	9,500.00	10,300.40	800.40
Beer	1,075.00	386.87	-688.13
Mowing Revenue	6,000.00	6,175.47	175.47
Licenses & Permits	21,500.00	29,406.82	7,906.82
Fees, charges, and commissions	13,000.00	8,379.31	-4,620.69
Fines and forfeitures	10,000.00	25,085.94	15,085.94
RURAL DEVELOPMENT GRANT		15,000.00	15,000.00
Other revenues	1,050.00	11,491.32	10,441.32
Total Revenues	62,125.00	106,226.13	44,101.13
EXPENDITURES			
General Government	78,317.00	91,466.41	-13,149.41
Public Safety	9,700.00	18,709.88	-9,009.88
Public Works	6,626.00	15,000.00	-8,374.00
Total Expenditures	94,643.00	125,176.29	-30,533.29
Excess (Deficiency) Of Revenues over Expenditures	-32,518.00	-18,950.16	-13,567.84
OTHER FINANCING SOURCES (USES)			
Operating Transfers In	35,000.00	20,000.00	15,000.00
Total Other Financing Sources (Uses)	35,000.00	20,000.00	15,000.00
Excess (Deficiency) Of Revenues and Other Sources Over Expenditures and Other Uses	2,482.00	1,049.84	-1,432.16
Fund Balances (Deficit) at Beginning of Year	0.00	10,545.97	10,545.97
Fund Balances (Deficit) at End of Year	2,482.00	11,595.81	9,113.81

gf budget vs actual FOR FS 02

The accompanying notes are an integral part of this statement.

TOWN OF CHATHAM, LOUISIANA
 PROPRIETARY FUND TYPE
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS
 FOR THE YEAR ENDED JUNE 30, 2002

	ENTERPRISE FUND
	2002
OPERATING REVENUES	
Charges for services	238,779.73
Total Operating Revenues	238,779.73
OPERATING EXPENSES	
Personnel	54,968.01
Repairs and Maintenance	7,790.01
Operational	120,466.05
Depreciation	75,250.00
Total Operating Expenses	258,474.07
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-19,694.34
Nonoperating Revenues (expenses)	
Interest Income	9,919.41
Interest Expense	-6,437.38
Operating Transfers in (out)	-20,000.00
	-16,517.97
Net Income (Loss)	-36,212.31
Retained Earnings at Beginning of year	-78,311.00
Retained Earnings at end of year	-114,523.31

The accompanying notes are a integral part of this statement.

EntIncStmt02

TOWN OF CHATHAM, LOUISIANA
 PROPRIETARY FUND TYPE
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2002

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Income	-36,212.31
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	75,250.00
Changes in assets and liabilities:	
(Increase) Decrease in accounts receivable	4,609.00
Increase (Decrease) in accounts payable	7,161.00
Total Adjustments	87,020.00
Net Cash Provided by Operating Activities	50,807.69
CASH FLOWS FROM INVESTING ACTIVITIES:	
Capital Expenditures	-23,231.00
Net Cash Provided by Investing Activities	-23,231.00
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal Payment on Long-Term Debt	-13,000.00
Net Cash Provided by Financing Activities	-13,000.00
Net Increase/(Decrease) in Cash and Cash Equivalents	14,576.69
Cash and Cash Equivalents at Beginning of Year	224,050.00
Cash and Cash Equivalents at End of Year	238,626.69
Supplemental disclosures of cash flow information :	
Cash paid during the year for interest: 6437.38	

See Accompanying Notes to Financial Statements.

CASHFLO01

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Chatham was incorporated under the provision of the Lawrason Act and operates under a Mayor-Board of Aldermen form of government. The Town provides the following services to its 641 (census) residents: public safety (police); highways and streets; gas, water, sewer, and sanitation facilities through the utility fund; culture/recreation; and general administrative services.

The accounting and reporting policies of the municipality conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, Audits of State and Local Governmental Units.

A. Basis of Presentation

The accompanying financial statements of the Town of Chatham have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard - setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

As the municipal governing authority, for reporting purposes, the Town of Chatham, Louisiana is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Chatham, Louisiana for the financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body.
 - A. The ability of the municipality to impose its will on that organization and /or
 - B. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

No component units are included in this report, since there are none.

No component units are included in this report, since there are none.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Fund Accounting

The Town of Chatham uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self - balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the Town of Chatham are classified into two categories : governmental and proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds

Governmental funds account for all or most of the Town of Chatham's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long - term debt. Governmental funds include :

General Fund - the general operating fund of the Town of Chatham and accounts for all financial resources, except those required to be accounted for in other funds.

Proprietary Funds

Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

Enterprise Fund - accounts for operations (a) that are financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating

Town of Chatham
Chatham, Louisiana
Notes To The Financial Statements
June 30, 2002

statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds and agency funds. The governmental funds use the following practices in recording revenues and expenditures: Major revenue sources susceptible to accrual include: sales and use tax, property taxes, franchise fees, special assessments, intergovernmental revenues and investment income more specifically.

1. Revenues

- A. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied by the Town in September or October and are actually billed on October 1, and are mailed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The Town bills and collects its own property taxes using the assessed value determined by the tax assessor of Jackson Parish.

The year ended June 30, 2002, taxes of 8.13 mills were levied on property with assessed valuations totaling 220,460 and were deducted as follows:

General corporate purposes	8.13 mills
----------------------------	------------

Property tax revenues are recognized when they become available. Available includes those property tax receivables elected to be collected within sixty days after year end. Delinquent taxes are considered fully collectible and therefore an allowance for uncollectible taxes is not provided.

Fines, bond forfeiture, and fees are recognized when collected by the Town. Interest income is recorded when it is credited to accounts by the Bank.

- B. Sales Taxes are also accrued.

2. Expenditures

Salaries are recorded as expenditures when earned by employees.

Purchases of various operating supplies, etc. are recorded as expenditures when the related fund liability is incurred.

Principal and interest on general long - term debt and installment purchase payments are recognized when due.

3. Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses).

Proprietary Fund Types

Town of Chatham
Chatham, Louisiana
Notes To The Financial Statements
June 30, 2002

Proprietary funds use the economic resources measurement focus. The accounting objectives are determination of net income, financial position, and cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its balance sheet. Proprietary fund equity is segregated into contributed capital and retained earnings.

Accrual Basis of Accounting

The accrual basis of accounting is used in proprietary fund types. The accrual basis of accounting recognizes revenues when earned. Expenses are recorded when incurred.

E. Budgets

The Town of Chatham (Mayor and Council) uses the following budget practices:

- (1) Prior to June 30, the town Clerk submits to the Mayor and Council Members a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year. The budget is submitted in summary form. In addition, more detailed line item budgets are included for administrative control. The level of control for the detailed budgets is at the department head/function level.
- (2) Public hearings are conducted to obtain taxpayer comment.
- (3) During the month of July the budget is legally enacted through passage of an ordinance.
- (4) Formal budgetary integration is employed as a management control device during the year for the General Fund and Capital Projects Fund, (when applicable).
- (5) Budgets for the General and Capital Projects Fund, are adopted on the GAAP basis.
- (6) Appropriations lapse at the end of each fiscal year.
- (7) The Mayor and Council Members authorize supplemental appropriations during the year. Supplemental appropriations were made during the fiscal year.

F. Encumbrances

Encumbrance accounting is not used.

G. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest - bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town of Chatham may deposit funds in demand deposits, interest - bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States and national banks having their principal offices in Louisiana.

Town of Chatham
Chatham, Louisiana
Notes To The Financial Statements
June 30, 2002

Under state law, the Town of Chatham may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

H. Restricted Assets

Restricted assets are comprised of cash and investments of \$163,081 on June 30, 2001 in the Enterprise Fund that have been set aside in special accounts to meet the provisions of the bond agreements and capital equipment acquisitions.

I. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from any estimates.

J. Fixed Assets

Fixed Assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. All fixed assets are valued at historical cost. Construction cost interest is immaterial and is not capitalized.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the funds net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. No depreciation has been provided for general fixed assets. Depreciation is computed using the straight - line method, and the following estimated useful lives:

Water Utility

Wells	20 years
Storage tanks	40 years
Purification plant	33 years
Lines and meters	40 years

Sewerage Utility

Pump stations	40 years
Lines	40 years
Autos and trucks	5 years
Other equipment	10 years

K. Long - Term Obligations

Long - term obligations expected to be financed from governmental funds are reported in the general long - term obligations account group. Expenditures for principal and interest payments for long - term obligations are recognized in the governmental funds when due.

Town of Chatham
Chatham, Louisiana
Notes To The Financial Statements
June 30, 2002

L. Compensated Absences

Town employees are entitled to ten days of compensated absences. However, compensated absences do not vest or accumulate and are recorded as expenditures when they are paid.

M. Fund Equity

Contributed Capital

Contributed capital is recorded in the Enterprise Fund for capital grants restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation on that portion of the assets acquired or constructed from such resources.

Reserves

Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use.

Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

Fund Deficits

The proprietary fund has a deficit in unreserved retained earnings of \$114,523.00

N. Total Columns on Combined Statements

Total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

O. Interfund Transactions

Interfund transactions are accounted for as other financing resources, uses. The following transfers were made during 2002.

	To	From
General Fund	20,000.00	
Enterprise Fund		20,000.00
	20,000.00	20,000.00

Town of Chatham
Chatham, Louisiana
Notes To The Financial Statements
June 30, 2002

NOTE 2 – FUND DEFICITS

The proprietary fund has a deficit in retained earnings at June 30, 2002 of \$114,523.00.

NOTE 3 -LEVIED TAXES

Authorized millage 8.13 @; Levied Millage 8.13

NOTE 4 - CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents (book balances) at June 30, 2002.

At June 30, 2002, the Town had cash totaling 254,279 as follows:

	<u>2002</u>
Demand Deposits	88,090
Certificates	9,602
Restricted Assets (Cash)	156,587
Total	<u>254,279</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at June 30, 2002 are secured as follows:

	<u>2002</u>
Bank Balances	<u>255,725</u>
Federal Deposit Insurance	100,000
Pledge Securities	<u>200,000</u>
Total Pledged	<u>300,000</u>

NOTE 4 - RECEIVABLES

The receivables at June 30, 2002 are as follows:

	<u>2002</u>	
<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
<u>87.43</u>	<u>28,440.99</u>	<u>28,528.42</u>

The allowance for bad debts is figured at .06 of receivables at year- end.

Town of Chatham
Chatham, Louisiana
Notes To The Financial Statements
June 30, 2002

NOTE 5 - CHANGES IN FIXED ASSETS

A summary of changes in general fixed assets follows:

	Land and Improvements	Buildings	Equipment	Total
Balance, June 30, 2001	\$27,700	\$98,486	\$190,762	\$316,948
Additions:		3,649	17,481	21,130
Balance, June 30, 2002	27,700	102,135	208,243	338,079

A summary of the changes in Proprietary - Enterprise Fund fixed assets follows :

	Balance June 30, 2001	Additions or Disposals	Current Depreciation	Accumulated Depreciation	Balance June 30, 2002
Land	4,063				4,063
Natural gas system	586,196	6,203			593,399
Waterworks system	1,184,861	5,430			1,190,291
Sewerage system	429,736	1,030			430,766
Equipment	69,607	10,568			80,175
Sewer System	241,587				241,587
Total	2,517,050	23,231			2,540,281
Less Accum Depr.	1,144,462		75,251		1,219,713
Total, at cost, net of accum, depr.	1,372,588	23,231	75,251		1,320,568

NOTE 6 - ACCOUNTS, SALARIES, AND OTHER PAYABLES OF ARE AS FOLLOWS:

	General Fund	Proprietary Fund	6-30-02 Total
Accounts Payable	4,242	10,532	14,775
Accrued Interest Payable		700	700
Customer Deposits		61,936	61,936
Total	4,242	73,168	77,411

Town of Chatham
Chatham, Louisiana
Notes To The Financial Statements
June 30, 2002

NOTE 7 - CHANGES IN GENERAL LONG - TERM OBLIGATIONS

The following is a summary of bond transactions for the year ended June 30, 2002

Principal Paid	<u>13,000</u>
Bonds payable at June 30, 2002	<u>51,000</u>

Revenue Bonds:

\$134,000 Water Refunding Bonds, Series 1994 due in annual installments of 11,000 to 18,000 through September 1, 2004; interest at 6.04% - Enterprise Fund

Total Water Revenue Refunding:

On 8-23-94, the Town of Chatham adopted a resolution to issue \$134,000 Water revenue refunding bonds, series 1994, with an interest rate of 6.04%. The proceeds were used to refund outstanding Water Revenue Bonds dated September 21, 1983. The refunded bonds were refunded pursuant to the order of the USA Farmers Home Administration, the registered owner of the refunded bonds.

Annual requirements to amortize long-term debt (the new debt) outstanding at June 30, 1995 follows:
(Including Interest)

Year Ending June 30,	Bank Loan	1994 Revenue Refunding
1999-2000		
2001-2002		
2003-2004		
2004-2005		
2005-2006		
	01-SEP-2001	14,932.80
	01-MAR-2002	1,540.20
	01-SEP-2002	17,540.20
	01-MAR-2003	1,057.00
	01-SEP-2003	18,057.00
	01-MAR-2004	543.62
	01-SEP-2004	18,543.60
	Totals	72,214.42

Town of Chatham
Chatham, Louisiana
Notes To The Financial Statements
June 30, 2002

Other Restrictions:

MONTHLY PAYMENT SCHEDULE

Town of Chatham, State of Louisiana

\$134,000 Water Revenue Refunding Bonds, Series 1994

PERIOD	SINKING FUND	RESERVE FUND	CONTINGENCY FUND
20-SEP-95 TO 20-AUG-96	1,535.77	On October 14, 1994, all moneys remaining in the existing reserve fund for the Water Revenue Bonds, dated 9-21-83 (\$4,386.03) the should be transferred to the Reserve Fund, and, thereafter, on the 20 th day on each month, commencing October, 1994, a sum at least equal to 5% of the monthly sinking fund payment is to deposited in the reserve fund until \$13,400 is on deposit.	On October 14, 1994, all moneys remaining in the existing contingency fund crested in connection with the issuance of the Water Revenue Bonds, dated 9-21-83 (\$19,139.16) should be transferred to the Contingency Fund, and, thereafter, on the 20 th day of each month, commencing October, 1994 \$125 is to deposited therein over the life of the Bonds.
20-SEP-96 TO 20-AUG-97	1,480.40		
20-SEP-97 TO 20-AUG-98	1,508.37		
20-SEP-98 TO 20-AUG-99	1,447.97		
20SEP-99 TO 20-AUG-2000	1,470.90		
20-SEP-2000 TO 20-AUG-2001	1,405.47		
20-SEP-2001 TO 20-AUG-2002	1,590.03		
20-SEP-2002 TO 20-AUG-2003	1,592.83		
20-SEP-2003 TO 20-AUG-2004	1,590.60		

NOTE 8- RELATED PARTY TRANSACTIONS

None

NOTE 9- LITIGATION & CLAIMS

None

NOTE 10 - RESTRICTION ON USE OF UTILITIES REVENUES

Funds provided by utilities revenue are to be used in the following manner before they are available for other lawful purposes:

1. Operating expense of utility system
2. Revenue bond debt service funds
3. Revenue bonds reserve funds
4. Revenue bond depreciation and contingencies funds

Town of Chatham
Chatham, Louisiana
Notes To The Financial Statements
June 30, 2002

NOTE 11 - PENSION PLANS

All employees of the Town of Chatham are members of the Federal Social Security System; no other plan exists

NOTE 12 - INTERFUND TRANSACTION

During the course of normal operations, the Town has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The governmental funds financial statements generally reflect such transactions as transfers.

NOTE 14 - SUBSEQUENT EVENTS

There were no subsequent events noted which would affect the financial statements.

Supplemental Information

Town of Chatham
Schedule of Compensation Paid to Board Members
June 30, 2002

Judy Cooper	\$ 600.00
Marvin Davis	\$ 600.00
Shirley Henderson	\$ 600.00
Sue Ann Proffer	\$600.00
Francis Womack	<u>\$600.00</u>
Total	<u>\$3,000.00</u>

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**Report On Compliance And On Internal Control Over Financial
Reporting Based On An Audit Of Financial Statements Performed
In Accordance With *Government Auditing Standards*.**

Board of Directors
Town of Chatham
Chatham, Louisiana

I have audited the general purpose financial statements of Town of Chatham as of and for the year ended June 30, 2002, and have issued my report thereon dated November 19, 2002. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

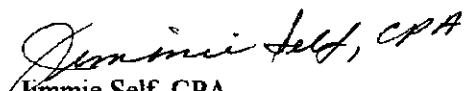
Compliance

As part of obtaining reasonable assurance about whether Town of Chatham's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The result of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Town of Chatham's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended for the information of the management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.


Jimmie Self, CPA
Monroe, Louisiana
November 19, 2002

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Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2002

I have audited the financial statements of Town of Chatham as of and for the year ended June 30, 2002, and have issued my report dated November 19, 2002. I conducted my audit in accordance with generally accepted auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. [and the provisions of OMB Circular A-133.] My audit of the financial statements as of June 30, 2002 resulted in an unqualified opinion (qualified, adverse, disclaimer).

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ☐ yes ☒ no Reportable Conditions ☐ yes ☒ no

Compliance

Compliance material to Financial Statements ☐ yes ☒ no

b. Federal Awards

Internal Control

Material Weaknesses ☐ yes ☒ no Reportable Conditions ☐ yes ☒ no

Type of Opinion On Compliance Unqualified ☒ Qualified ☐
For Major Programs Disclaimer ☐ Adverse ☐

Are their findings required to be reported in accordance with Circular A-133, Section 510(a)? ☐ yes ☒ no

c. Identification of major Programs:

None.

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Management Recommendations

To the Mayor and Council Members
Town of Chatham
Chatham, Louisiana

The prior year audit findings: None

During my audit, the following came to my attention:

- (1) The Town, because it is cost-prohibitive can not solve the problem of inadequate segregation of duties.